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**Director, Rail Policy**  
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18 January 2013

Dear Colleague,

### **Formalisation of the Rail Delivery Group**

On 16 October 2012 ORR published its conclusions on proposals to formalise the Rail Delivery Group (RDG) through the introduction of a new condition into the licences of Network Rail and passenger and freight operators.<sup>1</sup>

One of the key principles adopted by RDG, and endorsed by ORR, was the importance of the RDG leadership group being an efficient decision making body, comprising those with direct accountability to users and funders and who have the biggest influence to drive change across the industry. The original articles were therefore drafted with the intention that majority rather than minority shareholders in franchise owning groups (i.e. those that were most able to influence their operators) would act as board members.

After issuing our conclusions we received a further letter from Keolis(UK)Ltd<sup>2</sup> questioning the membership arrangements set out in the draft RDG articles of association. Keolis expressed the view that it should qualify as a leadership member because the terms of its shareholder agreements give it an equal say in all key decisions affecting its franchises, and therefore influence over its train operators even as a minority shareholder.

RDG has reconsidered this issue and concluded that minority shareholders should be allowed to be nominated as alternate directors and attend all meetings (but only have voting rights if their RDG member is not in attendance). ORR considers that this arrangement is consistent with the original intention of the formalisation proposals and is content with the amendment proposed by RDG to Article 11 of its articles.<sup>3</sup> This revision does not affect our plan to formalise RDG through the modification of operator licences

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<sup>1</sup> Our conclusions document can be found on our website at <http://www.rail-reg.gov.uk/upload/pdf/rdg-conclusions-and-notice-161012.pdf>.

<sup>2</sup> This letter can be found on the ORR website at <http://www.rail-reg.gov.uk/upload/pdf/rdg-keolis-response-151112.pdf>.

<sup>3</sup> Available on the RDG website at <http://www.raildeliverygroup.org/files/2013/01/RDGArticlesofAssociationJanuary2013.pdf>.

and has no impact on the terms of the statutory licence modification notice published on 16 October 2012.

However, if you think it does affect this proposal or any consent already given to make the licence change please let us know in writing, to the following address, **by 1200 on 28 January 2013**:

Andrew Eyles  
Office of Rail Regulation  
1 Kemble Street  
London WC2B 4AN  
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If no responses are received by this date we will proceed to implement the new RDG licence condition.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Michael Beswick', written in a cursive style.

**Michael Beswick**